

SHARED REVENUE AND TAX RELIEF -- PROPERTY TAXATION

County and Municipal Levy Limit -- Adjustment for Service Transfers

Motion:

Move to modify the levy limitation authorized under current law to allow any political subdivision that transfers to another governmental unit responsibility for providing any service that the political subdivision provided in the preceding year and any political subdivision that increases the services that it provides by adding responsibility for providing a service transferred to it from another governmental unit that provided the service in the preceding year to adjust its allowable levy. Set the adjustment equal to one-half of the difference between the cost that would have been incurred to provide the service and the cost to provide the service, but require that amount to be divided between the entities agreeing to the service transfer, as specified in the transfer agreement. Extend this provision to taxes levied beginning in 2015.

---

Note:

Since the 2005(06) property tax year, DOR has administered a levy limit program that restricts the year-to-year increases in county and municipal property tax levies. The limitation prohibits any county or municipality from increasing its "base" levy in any year by more than the percentage change in the local government's January 1 equalized value due to new construction, less improvements removed, between the prior year and the current year, but not less than zero percent. The base levy is defined as the prior year actual levy for the county or municipality. State law authorizes a number of adjustments and exclusions to the limit.

One adjustment is to fund services transferred from (positive) or to (negative) another governmental unit. This proposal would allow half of the net savings from the transferred service to be used to increase the allowable levy, but the amount of the allowed increase would be divided between the two entities involved in the transfer, as determined in the transfer agreement.

**Posted By:**  
**Wheeler Reports, Inc.**

